

RJR

1992 PERFORMANCE FINANCIAL REVIEW (CONT.)

ASSUME \$2.444 BILLION OPERATING INCOME = OBJECTIVE

	<u>FM</u>	<u>BG</u>	<u>SG</u>	<u>B&W/PL</u>	<u>TOTAL</u>
NET CONTRIBUTION (EX PRICE SUBSIDY)	\$3,090.78	\$736.25	\$201.83	\$21.37	\$4,050.23
LESS: FIXED COST/G&A/R&D					(780.88)
FIELD SALES FORCE					<u>(211.19)</u>
OPERATING INCOME (EX PRICE SUBSIDY)					3,058.16
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SCENARIO #1 OPERATING INCOME	(\$ 364.60)	(\$305.55)	(\$ 53.63)	\$ 0.00	(723.78) 2,334.38
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SCENARIO #2 OPERATING INCOME	(\$ 364.60)	(\$392.85)	(\$99.41)	\$ 1.25	(855.61) \$2,202.55

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LIST PRICE HISTORY (\$/M) KS

	<u>Premium</u>	<u>BG</u>	<u>SG</u>	<u>BASIC</u> <i>Basic</i>
Nov. 90	\$53.65	\$41.75	\$27.00	\$22.35
Jan. 91	\$2.10	\$2.10	\$2.10	\$2.10
March 91	\$0.75 <i>56.50</i>	\$2.50 <i>46.35</i>	\$3.00 <i>32.10</i>	\$3.00
May 91	\$1.75 <i>58.25</i>	\$4.00 <i>50.35</i>	\$4.00 <i>36.10</i>	\$3.00
Oct. 91	\$2.75 <i>61.00</i>	\$2.75 <i>53.10</i>	\$4.00 <i>40.10</i>	\$0.00
Dec. 91	\$0.00 <i>63.75</i>	\$0.00	\$0.00 <i>44.10</i>	\$1.15
April 92	\$0.00 <i>2.75</i> ↓	\$0.00 <i>4.00</i> <i>57.10</i>	\$0.00 <i>4.00</i>	(\$5.00)
As of April 92	<i>63.75</i> \$61.00	<i>57.10</i> \$53.10	<i>44.10</i> \$40.10	<i>26.60</i> \$26.60 <i>include this area</i>

63.75
57.10
6.65

12.75
11.42
1.33 (13)

63.75
8.82
3.93
11.42
8.82
2.60

Bar graph *Shapth*
2.60

price increase
resulted in
gap closing
but reason
for new line
to emerge

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